

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 L-03

SS-15 NSC-05 PA-01 PRS-01 USIA-06 /107 W

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PASS TREASURY FOR SYVRUD

E. O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: COMMITTEE ON MONETARY AND FOREIGN EXCHANGE  
MATTERS

REF: (A) CMC/A(75)1

(B) CMC(75)1

(C) CPE(75)5

1. SUMMARY. AT MEETING ON JULY 26-27, SUBJECT  
COMMITTEE (CMC) ACHIEVED GENERAL AGREEMENT ON RECOMMEND-  
ING TO COUNCIL THAT EXCHANGE GUARANTEE BE TERMINATED AND  
CMC ITSELF BE SUSPENDED FOR INDEFINITE PERIOD.

2. NON-WP3 COUNTRIES MADE EXPECTED STATEMENTS REGARDING  
NEED TO CONDUCT SUBSTANTIVE DISCUSSIONS OF BALANCE OF  
PAYMENTS, EXCHANGE MARKET AND RELATED MONETARY MATTERS  
IN A PLENARY OECD COMMITTEE. FELT SUCH DISCUSSIONS NOT  
NOW TAKING PLACE IN ANY FORUM OPEN TO ALL MEMBERS.  
WP3 COUNTRIES GENERALLY AGREED THAT APPROPRIATE TREAT-  
MENT OF THESE SUBJECTS SHOULD TAKE PLACE IN PLENARY  
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BODIES AND POINTED OUT THAT EPC, CFM, SHORT-TERM

FORECASTERS AND OTHER COMMITTEES ALREADY EXIST FOR SUCH PURPOSES. ALL REFERENCE TO SUPPORT FUND GOVERNING BOARD REMOVED FROM DRAFT REPORT.

3. LONG DEBATE IN CMC RESULTED IN REPORT WHICH WAS DRAFTED SECTION BY SECTION BY SECRETARIAT DURING COURSE OF DISCUSSIONS. TENTATIVE REPORT AND DRAFT ENTRIES FOR COUNCIL DECISION CONCERNING FUTURE OF CMC AND TERMINATION OF EXCHANGE GUARANTEE WERE ACCEPTED BY MOST COUNTRIES BEFORE CONCLUSION OF MEETING. SECRETARIAT WILL FINALIZE REPORT AND SUBMIT TO COUNCIL IN OCTOBER.

4. TWO PART DRAFT CMC REPORT CONTAINS FOLLOWING ESSENTIAL ELEMENTS (A) PROVIDES FOR TERMINATION OF EXCHANGE GUARANTEE IN SO FAR AS OECD IS CONCERNED. IT WOULD BE LEFT TO PARTICIPATING CENTRAL BANKS TO OPERATE, SUSPEND, OR TERMINATE PORTION OF GUARANTEE APPLYING AMONG THEMSELVES AS THEY MAY AGREE. ANY LIQUIDATION WOULD TAKE PLACE AS PROVIDED IN GUARANTEE AGREEMENT. OECD WOULD PROVIDE SPACEFOR MEETING OF CENTRAL BANKERS, IF REQUESTED, BUT WOULD NOT PROVIDE SECRETARIAT SERVICES. (B) CMC WOULD BE EXTENDED ON "SUSPENDED" BASIS FOR INDEFINITE PERIOD BEYOND PRESENT DECEMBER 31, 1975 EXPIRATION DATE. HOWEVER, NO MEETINGS WOULD BE HELD AFTER THAT DATE UNLESS REQUESTED BY THREE OR MORE MEMBERS. UPON RECEIVING ANY SUCH REQUEST, SECRETARY-GENERAL WOULD CALL MEETING OF CMC WITHIN A REASONABLE PERIOD OF TIME, AT WHICH MEETING CMC WOULD AGAIN HAVE TO MAKE FIRM PROPOSALS TO COUNCIL REGARDING ITS FUTURE. IF COUNCIL THEN FAILED TO VOTE UNANIMOUSLY TO REACTIVATE CMC OR CONTINUE ITS SUSPENSION, CMC WOULD BE

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TERMINATED AUTOMATICALLY.

5. GERMAN DEL INDICATED HE HAD FIRM INSTRUCTIONS TO END RATHER THAN SUSPEND CMC AND EXCHANGE GUARANTEE. IF GERMANS FOLLOW THIS COURSE IN COUNCIL, CMC AND GUARANTEE WOULD BE TERMINATED, AS A UNANIMOUS VOTE FOR SUSPENSION WILL BE NECESSARY IN COUNCIL TO PREVENT AUTOMATIC TERMINATION OF BOTH ON DECEMBER 31, 1975. (FYI: GERMAN DEL INDICATED PRIVATELY HIS AUTHORITIES MAY AGREE IN COUNCIL TO SUSPENSION OF CMC.) US ALSO STATED IT PREFERRED TERMINATION OF BOTH CMC AND GUARANTEE BUT WOULD BE WILLING TO ACCEPT SUSPENSION OF FORMER IF STRONG CONSENSUS FOR SUCH MOVE DEVELOPED.

6. SINCE IT UNLIKELY GERMANS, OR OTHERS, WILL CONTINUE TO OPPOSE SUSPENSION OF CMC IN COUNCIL, MISSION RECOMMENDS THAT US AGREE TO SUSPENSION OF CMC AS OUTLINED PARA 4(B) ABOVE AND ACCEPT TERMINATION OF GUARANTEE AS OUTLINED IN PARA 4(A) ABOVE.

7. FINAL REPORT AND DRAFT ENTRIES (REF B REVISED) WILL  
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BE POUCHED TO WASHINGTON AS SOON AS AVAILABLE. MISSION WILL PROCEED IN COUNCIL AS OUTLINED PARA 6 ABOVE UNLESS OTHERWISE INSTRUCTED.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MONETARY AGREEMENTS, FOREIGN EXCHANGE, COMMITTEE MEETINGS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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